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House of Representatives

The House met at 9 a.m. and was called to order by the Speaker.

MORNING-HOUR DEBATE

The SPEAKER. Pursuant to the order of the House of January 3, 2017, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning-hour debate.

The Chair will alternate recognition between the parties. All time shall be equally allocated between the parties, and in no event shall debate continue beyond 9:50 a.m. Each Member, other than the majority and minority leaders and the minority whip, shall be limited to 5 minutes.

TAX CUT NIGHTMARE

The SPEAKER. The Chair recognizes the gentleman from Oregon (Mr. BLUMENAUER) for 5 minutes.

Mr. BLUMENAUER. Mr. Speaker, it has come to this: Republicans are poised to pass the largest transfer of wealth in our Nation's history, financed by mortgaging our children's future with a mountain of increased debt.

What is wrong with this picture?

Well, first of all, nobody really knows everything that is in this bill. It has been written over the last few days to satisfy donors and win the final few votes necessary for Senate passage. It is not tax reform. It is not even a policy, but a collection of special interest provisions being sold on a false set of promises.

It is, decidedly, not middle class tax relief. It is permanent, massive tax reductions for the largest corporations and wealthy individuals. Every independent expert agrees and the American public understand that the benefits of this bill flow not primarily to the middle class, but to people like Donald Trump.

The vast majority of Americans get little and temporary tax reduction, only to see the bottom 80 percent of our taxpayers, on average, actually facing a tax increase when the bill is fully phased in.

The permanent, massive tax reduction for the privileged few comes at a very high cost for the rest of America. Despite false promises, it will not remotely pay for itself through economic growth.

We start with a massive increase in national debt; increased interest costs; a total increase of $2.3 trillion, and likely very higher as the accountants and lawyers discover how to fully exploit the many new loopholes created by lobbyists.

This bill is not tax simplification. It greatly complicates the Tax Code. Look at trying to understand just the passthrough provisions.

Also, we have an IRS that is struggling right now because my Republican friends have cut its budget 17 percent since 2010. They have 23,000 fewer employees, an outmoded data processing system, and more taxpayers—10 million more returns. It is not clear the IRS can even administer this bill.

Middle America will pay with increased economic insecurity, as it will increase insurance premiums an average of 10 percent a year. It will destabilize the health insurance market and increase the ranks of the uninsured by 13 million people over the next 10 years.

Most Americans will pay the price with the massive increase in debt, making it harder for everyone who wants to borrow money to start a business, finance a college education, or buy a home. It increases the likelihood of sending even more American money overseas to pay for the foreign holders of American debt that has increased.

It does not address the problem of offshoring our economic activities and the resulting revenue loss. It provides more incentives for this to continue and even get worse. The increased debt will make it even harder to rebuild and renew America and to meet the needs of our aging and growing population.

After the wreckage of the Amtrak train in the Pacific Northwest, Trump pointed out the need for infrastructure investment to rebuild and renew the country. That is not going to happen.

It is already triggering an automatic $25 billion cut in Medicare. Republicans are scrambling to figure out how to avoid that. We are hearing from Republican leadership that this increased debt illustrates the need to cut back on programs that meet the needs of average Americans and low-income citizens while we are showering increased tax benefits on the wealthy.

It has been a bonanza for all the attorneys, accountants, and lobbyists finding ways to further enrich the most privileged. In the weeks to come, we will find out more special gifts used to nail down the last few votes. I don't know whether the Corker kickback is true or not, but it leaves the public wondering why the immediate about-face from the Senator from Tennessee when nothing has changed except there have been a few provisions added.

No wonder the American public is opposed. They are right, and the Republicans are wrong.

MORNING AGAIN IN AMERICA

The SPEAKER pro tempore (Mr. THOMPSON of Pennsylvania). The Chair recognizes the gentleman from California (Mr. MCCLINTOCK) for 5 minutes.

Mr. MCCLINTOCK. Mr. Speaker, I opposed the House version of the tax reform bill because the loss of broad-based deductions like State and local taxes would have caused significant tax increases on many of my middle class constituents in the high-tax, high-cost State of California. It actually increased the marginal tax rate on high-

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

income earners and abolished lifeline deductions such as casualty loss, medical expenses, and student interest. I urge that we should leave no taxpayer behind.

I thank Chairman BRADY, the Republican leadership, and the conference committee for heeding these concerns. Their final product exceeds my expectations and, on behalf of California taxpayers, I can now offer my enthusiastic support.

The new version leaves the casualty loss, medical expense, and student interest deductions intact. No family needs to fear being ruined by taxes after a major disaster or illness, and graduates can continue to plan their lives knowing that interest on their student loans will not be taxed.

The new bill eases the proposed limit on mortgage interest deductions and allows up to $10,000 of State and local taxes to be deducted, all important changes for California. But most importantly, the lower tax rates in this bill now more than compensate in almost every case for the remaining limits on State and local tax and mortgage interest deductions. Even taxpayers who lose tens of thousand of dollars of deductions will still end up paying lower taxes than they do today.

For example, a couple earning $60,000 with a $300,000 home and three adult dependents would have paid $200 more in taxes under the old bill. But under this new version, they will save $340.

A couple earning $150,000 with a $750,000 home—that is a high-end tract home in California—and one child would have paid $1,200 more in taxes under the old House bill. But under the new bill, that same family will save $720.

The business tax provisions are especially important because they will restore American workers to an internationally competitive position. According to economists ranging from Martin Feldstein to Arthur Laffer, these provisions alone will produce $5 trillion of new economic activity over the next decade. That is $40,000 per household, including $2 trillion of new tax revenues to all levels of government.

Last Friday, I toured AMPAC, a local company making the active ingredient in several cancer and epilepsy drugs. Their product is then shipped to Ireland to make the actual medicine solely because the corporate tax in the United States is 35 percent, and in Ireland it is just 12.5 percent.

Their CEO, Aslam Malik, told me that, if they gave their product away for free, the final medicine could still not be competitively manufactured in the United States solely because of our taxes. He expects their local company will grow dramatically because of this tax reform, employing hundreds more families both directly and indirectly as they expand everything from payroll to infrastructure.

You see, that is what the Marxists just don't understand. Businesses don't pay business taxes. Businesses collect them from just three sources: from consumers through higher prices, from employees through lower wages, and from investors through lower earnings, usually pension plans and IRAs.

We have the highest corporate tax rate in the industrialized world, and commerce and capital simply move around it, leaving our workers behind. That is one of the reasons we averaged just 1.5 percent economic growth under Obama—worse than any President since Herbert Hoover—and lost an entire decade of prosperity.

The Marxists tell us that this is just trickle-down economics and it has never worked. Well, in fact, it has always worked. It worked when Warren Harding did it in the 1920s, when John F. Kennedy did it in the 1960s, when Ronald Reagan did it in the 1980s, and, lest we forget, when Bill Clinton approved the biggest capital gains tax cut in American history.

Concerns over the deficit are legitimate and must be addressed by spending reforms in the coming year. We must always remember that taxes and debt are driven by just one thing: spending.

The proof of these policies will manifest itself over the coming year, and every American will be able to decide for themselves if this has made them better off. I think that is why the left has pulled out all the stops to defeat it. Their arguments are exactly the same economically illiterate attacks filled with class envy that they made against Reagan.

When the American people awakened one day to find it was morning again in America, the left was discredited for a generation. Let history repeat itself, beginning today, with this vote.

HOW THE GRINCH STOLE MIDDLE CLASS TAX CUTS

The SPEAKER pro tempore (Mr. ROGERS of Kentucky). The Chair recognizes the gentleman from Rhode Island (Mr. CICILLINE) for 5 minutes.

Mr. CICILLINE. Mr. Speaker, with a little help from Dr. Seuss, I would like to share the story of how the Grinch stole middle class tax cuts:

Every middle class family wanted tax cuts a lot,
But the Grinch, who lived in a big white house, did not.
The Grinch hated middle class tax cuts, he wanted the whole Tax Code uneven,
Now, please, don't ask why, no one quite knows the reason.
It could be his head was screwed on a bit wrong,
It could be his ties were 2 inches too long,
But I think that the most likely reason of all,
Was his heart, or his hands, were two sizes too small.
Whatever the reason, his heart or his ties,
He stood on Christmas Eve, planning workers' demise,
Staring out from his office with a sour, Grinchy frown,
At the workers' warm, lighted windows below in their town.
"Tomorrow is Christmas, it is practically here,"
He said from his office with a terrible sneer.
"Why, for 71 years I have put up with it now,
I must stop these middle class tax cuts. But how?"
Then he got an idea, an awful idea,
The Grinch got a terrible, awful idea.
"I know just what to do," the Grinch thought with a pause,
"With this coat and this hat, I look just like Santa Claus."
Then he loaded some empty bags on his plane,
And he took off to cause some mean Grinchy pain.
While working families dreamed of sweet tax cuts without care,
The Grinch came to the first little house on the square.
"This is stop number one," the old Grinch Claus hissed,
And he climbed to the roof, empty bags in his fist.
Then he slid down the chimney, Santa suit all in place,
And he stuck his head out of the small fireplace,
Where the tax deductions all hung in a row,
"These deductions," he grinned, "are the first things to go."
Personal exemptions, home equity interest, State and local taxes, too,
"I'll take almost every deduction away from you."
Then he slunk to the tax brackets—the corporate tax cuts were huge,
Why, that Grinch even took the Arctic Wildlife Refuge.
"And now," grinned the Grinch, with his sacks in a net,
"I'll stack the deficit with $1 trillion in debt."
Then he heard a small sound, a child's soft cry,
"Why are you taking our deductions, Grinch? Why?"
But, you know, that old Grinch was so smart and so slick,
That he thought up a fib, and he thought it up quick.
"Why, my sweet little tot," the Grinch said on the fly,
"I am here because corporate taxes are far too high.
"So I am taking most of your deductions away,
"To help corporations . . . and you get to pay.
"See, my dear child, there is no reason to frown,
"We will make them more wealthy, but it will all trickle down."
His fib fooled the child, then he patted her head,
And he got her a tax postcard, and he sent her to bed.
The Grinch took one last look at her sad little pup,
And he went to the chimney and shoved the deficit up.
Healthcare for 13 million was the last thing he took,
Then he slithered away without another look.
In their homes he left nothing but debt and despair,
While giving out handouts to corporations—the Grinch didn't care.
And the one deduction that he extolled,
Was even too small for a single household.
He rode with his load of deductions for dumping,
"Pooh-pooh to the middle class," he said, gleefully jumping.
"They're just waking up, I know just what they'll do,